



Committee on Resources

U.S. Rep. Nick J. Rahall, Ranking Democrat

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SUMMARY OF DEMOCRATIC AMENDMENT

IN THE NATURE OF A SUBSTITUTE

To the House Resources Committee Republican Energy Bill

(March 31, 2003)

The Democratic alternative to the Resources Committee Republican energy bill recognizes the need for a coherent, comprehensive national energy policy. In contrast to the Republican approach, the Democratic alternative would contribute to our energy security by taking innovative approaches to the utilization of federal land and water resources while recognizing that it is equally important to address the environmental and social impacts of energy development.

Title I—ALASKA NATURAL GAS PIPELINE PROJECT

Title I would facilitate the construction of the Alaska Natural Gas Pipeline originally authorized by Congress in 1976. The provision would enhance the delivery of 35 trillion cubic feet of natural gas already discovered in existing development fields to the lower 48 States through the construction of a pipeline delivery system that follows the Alaska Highway from the North Slope to Fairbanks and east to supply U.S. markets. Annual U.S. natural gas consumption is about 23 trillion cubic feet. The title also includes a “Buy America” provision for portions of the pipeline built on federal lands and requires the development of a project labor agreement to govern construction activities.

Title II—WESTERN AREA POWER ADMINISTRATION AMENDMENTS

Title II would provide additional authority to the Administrator of the Western Area Power Administration (WAPA) to take such actions as necessary to relieve power transmission constraints, including construction of new facilities, in accordance with all applicable provisions of Federal law and in coordination with State authorities. Any new transmission capacity would be available to consumers on a nondiscriminatory basis. The Bonneville Power Administrator has similar authority.

Title II also would direct the Administrator of the Western Area Power Administration (WAPA) to prepare a risk management plan within two years after the date of enactment, and at regular three year intervals thereafter. Risk management plans attempt to display trade offs between various methods of power production, market considerations and other factors.

Title II also would direct the Administrator to report to Congress on the use of wind power on WAPA's transmission system. The report would evaluate various factors, including how the long term acquisition of wind power could be used to mitigate the risk of low water availability.

Finally, Title II would require the Secretary of Interior to identify sites on Bureau of Reclamation property that may be appropriate for wind generation facilities.

Title III—ENERGY ALTERNATIVES AND EFFICIENCY REGARDING FEDERAL LANDS

Title III would establish a comprehensive framework for permitting alternative energy-related uses on public lands administered by the Bureau of Land Management not already expressly covered by existing statutes. Provisions of this title would insure that the development of alternative energy projects such as those utilizing wind and solar technologies do not conflict with natural resource protection, provide for meaningful State and public input in the permitting process and requires compensation to the federal government for the value of the permit.

Title III would also require the Secretary of the Interior, through the U.S. Geological Survey, to inventory the extent of geothermal resources within the U.S., except for federally protected areas, and determine whether impediments exist to its efficient development for electricity generation. A provision in the title would also require the Interior Secretary to conduct an assessment of U.S. ocean thermal resources except for OCS areas under moratoria. In addition, the title would require the Interior Secretary to conduct a survey of directional oil and gas drilling on federal lands in order to assess its benefits as a means of mitigating environmental impacts. Provisions in the title would also encourage the Secretaries of Interior, Agriculture and Commerce to incorporate energy efficient technologies in public and administrative buildings under their jurisdiction and to utilize energy efficient vehicles in natural resources management.

Title III would also provide that plans of operation for federal oil and gas leases include requirements for the timely reclamation of adversely affected lands and the posting of adequate reclamation bonds. A further provision would establish a program for the remediation, reclamation and closure of orphaned, abandoned, or idled oil and gas wells on federal lands financed by recovery actions against responsible entities and supplemented by a general fund authorization. Finally, provisions of this title would insure the protection of water resources in the development of coalbed methane on federal lands.

Title IV—ESTABLISHMENT OF INDIAN ENERGY PROGRAMS

Title IV would make a number changes in existing law to empower Indian country to achieve energy self-sufficiency as well as to contribute to the national energy mix. Provisions in the title would expand an existing loan and grant program for energy development and electrical generation activities on tribal lands; require the Interior Secretary, as trustee, to timely review agreements and leases entered into between tribes and energy developers to insure the tribes are accruing appropriate financial benefits and identify

barriers to energy development on Indian land; require the Secretary to conduct a study of all dams and water impoundments on Indian land to determine suitability for siting of electrical power projects; extend the application of the Buy Indian Act to include energy products; require the Western Power Administration to provide transmission access for wind power generating facilities developed on tribal lands within its service area; remove barriers to energy resource activities in Indian country due to State taxation issues; and reaffirms the Secretary's trust responsibility and duties regarding trust land, resources and trust funds.

Title V---INSULAR AREAS ENERGY SECURITY

Title V would direct the Secretary of the Interior, in consultation with the Energy Secretary and the heads of insular governments, to update the 1982 Territorial Energy Assessment, which is a comprehensive energy report on consumption, importation, and potential for indigenous alternative energy that can be used by insular areas. The updated assessment would also include recommendations to reduce the reliance on imported energy in favor of increasing energy production through the development of indigenous energy sources. Title V would also create a grant program, administered by the Interior Secretary, for projects to protect electrical power and distribution lines within U.S. Territories, whose energy infrastructure is highly susceptible to damages caused by hurricanes and typhoons.

Title VI—SENSIBLE DEVELOPMENT OF RENEWABLE ENERGY RESOURCES OF THE OUTER CONTINENTAL SHELF

Title VI would establish a comprehensive framework for permitting alternative energy-related uses on the Outer Continental Shelf (OCS) not already expressly covered by existing statutes. Title VI would assign authority for this program to the Department of the Interior's Minerals Management Service which under existing law already administers federal leasing and operations for oil, gas and other mineral activities on the OCS.

As noted by the Attorney General for the Commonwealth of Massachusetts recently in testimony before the Energy and Minerals Subcommittee: "There is no question that the sensible development of new sources of energy is one of the most important energy matters facing us today. Indeed, offshore wind projects present exciting possibilities for the development of renewable energy resources. The controversy surrounding a recent proposal to build a large wind energy facility in Nantucket Sound, however, highlights the immediate need to develop a meaningful process at the Federal level to carefully review these types of proposals."

Title VI would provide a mechanism for identifying, in advance, appropriate sites for developing offshore wind energy facilities that provide the greatest source of energy with the least damage to the environment; a process for soliciting competing proposals for renewable energy facilities in the same locations; compensation to the government for the value of the license; and meaningful State and public input throughout the process.

Title VII—SURFACE OWNER PROPERTY RIGHTS AND PROTECTION

Title VII would provide protections for surface owners on the approximately 60 million acres of split-estate lands where the federal government owns the underlying mineral estate. Provisions of this title would require notification of surface owners such as ranchers before oil and gas leasing could begin. Lease holders would then be required to enter into a surface use agreement with surface owners within six months of notification, and post a surety bond or other form of financial assurance to cover the cost of reclamation after drilling operations have ceased including for, but not limited to, damage to crops or fields, ranching operations or improvements.

Title VIII—ROYALTY FAIRNESS

Title VIII would insure the American public receives just compensation from the development of oil and gas resources on federal lands and waters by trebling existing fines and penalties for under-reporting, or short-changing, royalty obligations to the government. The existing fines were last modified in 1982.

Title IX—RECLAMATION OF ABANDONED COAL MINE SITES

Title IX would reauthorize the collection of fees paid by the coal industry that finance efforts under the Abandoned Mine Reclamation Fund through the year 2011 in order to provide sufficient revenues to complete the reclamation of all high priority public health and threatening abandoned coal mine sites. The provision recognizes that a balanced energy policy should include measures to offset the potential adverse effects on land and water resources due to energy development activities.

Title X—LAND AND WATER CONSERVATION FUND ENHANCEMENT

Title X would double the Land and Water Conservation Fund's authorized annual use of receipts generated by Outer Continental Shelf oil and gas leasing activities from \$900 million to \$1.8 billion through 2015. The \$900 million annual authorization limit has not been changed since it was established by Congress in 1977. The provision also provides for a 50/50 share of the receipts between federal and State governments. Since 1982, the Department has collected \$110.4 billion from onshore and offshore leases. Over \$16.3 billion of those resources have been allocated to the Land and Water Conservation Fund. The LWCF authorized provision further mitigate energy development on public lands through enhanced conservation programs.

Title XI—COASTAL WITHDRAWALS

Title XI would extend through June 30, 2012, the moratoria on OCS oil and gas leasing included in annual Interior Appropriations bills thereby alleviating the need to enact it annually. The date is consistent with Presidential determinations made in 1998. The areas included in the moratoria are the East Coast, Eastern Gulf, West Coast and the North Aleutian area in Bristol Bay, Alaska. Also included are national marine

sanctuaries (most of which are included in areas subject to the annual appropriations moratoria) and the Northwest Hawaiian Islands Coral Reef Reserve.